

## INSURANCE DIVISION[191]

### Adopted and Filed

#### Rule making related to review of rules

The Insurance Division hereby amends Chapter 2, “Public Records and Fair Information Practices,” Chapter 5, “Regulation of Insurers—General Provisions,” Chapter 40, “Health Maintenance Organizations,” Chapter 41, “Limited Service Organizations,” Chapter 44, “Smoker/Nonsmoker Mortality Tables for Use in Determining Minimum Reserve Liabilities and Nonforfeiture Benefits,” Chapter 45, “Insurance Holding Company Systems,” Chapter 46, “Mutual Holding Companies,” Chapter 48, “Viatical and Life Settlements,” Chapter 99, “Limited Purpose Subsidiary Life Insurance Companies,” and Chapter 100, “Sales of Cemetery Merchandise, Funeral Merchandise and Funeral Services,” Iowa Administrative Code.

#### *Legal Authority for Rule Making*

This rule making is adopted under the authority provided in Iowa Code section 505.8.

#### *State or Federal Law Implemented*

This rule making implements, in whole or in part, Iowa Code chapters 22, 505, 507, 508, 508E, 514B, 521A and 523A.

#### *Purpose and Summary*

These amendments, which are explained more specifically below, are a result of the Division’s review of rules. The amendments to Chapters 2, 5, 40, 41, 44, 45, 46, 48, 99, and 100 generally update the chapters by removing duplicative definitions and unnecessary language, correcting statute references, conforming to current Iowa Code language, and reflecting current practices.

Subrule 2.5(3) concerns release of confidential records by the Division. The Division has determined that subrule 2.5(3) is unnecessary and that the procedure for records protected under Iowa Code chapter 22 is already comprehensively addressed in that Iowa Code chapter.

Subrule 2.12(16) is being amended to reflect the consolidation into one subrule of license sanctions as a result of noncompliance with child support or state debt.

Rule 191—5.1(505,507,508,515) is being rescinded and replaced with definitions, because existing rule 191—5.1(505,507,508,515) is inconsistent with Iowa Code section 507.10.

Rule 191—5.11(511) is being rescinded and reserved, because Iowa Code section 511.8 comprehensively addresses the issue.

Rules 191—5.23(507C) and 191—5.24(507C) are being rescinded and reserved, because the implementation of Chapter 110 covers insurance companies in hazardous financial condition. Specifically, rules 191—110.4(505) and 191—110.5(505) address this issue.

Subrule 15.13(1) is being amended to correct the appendix reference in paragraph 15.13(1)“b.”

Subrule 48.3(2) is being amended to be consistent with statute.

Subrule 100.19(1) is being amended to remove paragraph 100.19(1)“b” to conform to Iowa Code section 523A.203, which comprehensively addresses master trusts.

#### *Public Comment and Changes to Rule Making*

Notice of Intended Action for this rule making was published in the Iowa Administrative Bulletin on January 13, 2021, as **ARC 5389C**. No public comments were received. The following changes from the Notice have been made: A cross-reference was corrected in rule 191—40.2(514B) in Item 24. A new Item 28 was added to correct a similar cross-reference in rule 191—41.2(514B), and subsequent

items were renumbered accordingly. The word “rules” was changed to “definitions” in the introductory paragraph of rule 191—46.2(521A) in Item 36.

#### *Adoption of Rule Making*

This rule making was adopted by Douglas M. Ommen, Iowa Insurance Commissioner, on February 18, 2021.

#### *Fiscal Impact*

This rule making has no fiscal impact to the State of Iowa.

#### *Jobs Impact*

After analysis and review of this rule making, no impact on jobs has been found.

#### *Waivers*

Any person who believes that the application of the discretionary provisions of this rule making would result in hardship or injustice to that person may petition the Commissioner for a waiver of the discretionary provisions, if any.

#### *Review by Administrative Rules Review Committee*

The Administrative Rules Review Committee, a bipartisan legislative committee which oversees rule making by executive branch agencies, may, on its own motion or on written request by any individual or group, review this rule making at its [regular monthly meeting](#) or at a special meeting. The Committee’s meetings are open to the public, and interested persons may be heard as provided in Iowa Code section 17A.8(6).

#### *Effective Date*

This rule making will become effective on April 14, 2021.

The following rule-making actions are adopted:

ITEM 1. Rescind subrule **2.5(3)**.

ITEM 2. Amend subrule 2.12(16) as follows:

**2.12(16)** Determination of any suspension of an insurance producer’s or other licensee’s pending application for licensure, pending request for renewal, or current license, when the suspension is related to failure to pay child support, foster care, or state debt, pursuant to rule 191—10.21(252J) or ~~191—10.23(82GA,SF2428)~~. Notwithstanding any statutory confidentiality provision, the division may share information with the child support recovery unit or the centralized collection unit of the department of revenue, through manual or automated means, for the sole purpose of identifying registrants, applicants or licensees subject to enforcement under Iowa Code chapter 252J or 272D, respectively.

ITEM 3. Rescind rule 191—5.1(507) and adopt the following **new** rule in lieu thereof:

**191—5.1(505,507,508,515) Definitions.** The definitions in rule 191—1.1(502,505) apply to this chapter. This rule is intended to implement Iowa Code chapters 505, 507, 508, and 515.

ITEM 4. Amend rule 191—5.2(505,507), introductory paragraph, as follows:

**191—5.2(505,507) Examination for admission.** Any foreign or alien insurance company seeking to be admitted to do business in the state of Iowa shall, at the discretion of the division of insurance, be subject to either or both of the following:

ITEM 5. Amend rule 191—5.5(505,515,520) as follows:

**191—5.5(505,515,520) Maximum allowable premium volume.** A domestic property/casualty insurer shall not cause the ratio of its net written premiums to its surplus as regards policyholders to exceed three to one without the approval of the commissioner of insurance.

ITEM 6. Amend subrule 5.6(3) as follows:

**5.6(3) Bonds.** At amortized cost, unless directed otherwise by the commissioner of insurance.

ITEM 7. Rescind and reserve rule **191—5.11(511)**.

ITEM 8. Amend rule 191—5.12(515), introductory paragraph, as follows:

**191—5.12(515) Collateral loans.** The collateral pledged to secure a loan must qualify as a legal investment for insurance companies before the loan it secures may so qualify [~~section 515.35(7) Iowa Code section 515.35(3)“a”(2)~~]. The statute provides that a company may not invest in excess of 30 percent of its capital and funds in stocks and not more than 10 percent of its capital and surplus in the stock or bonds, or both, of any one corporation.

ITEM 9. Rescind and reserve rule **191—5.23(507C)**.

ITEM 10. Rescind and reserve rule **191—5.24(507C)**.

ITEM 11. Amend rule 191—5.26(508,515) as follows:

**191—5.26(508,515) Participation in the NAIC Insurance Regulatory Information System.**

**5.26(1)** No change.

**5.26(2)** Each domestic, foreign and alien insurer, except entities organized under Iowa Code chapters 512A, 512B, 514, 514B, 518 and 518A and those which write only in this state, who is authorized to transact insurance in this state shall annually on or before March 1 of each year, file with the National Association of Insurance Commissioners (NAIC) a copy of its annual statement convention blank, along with such additional filings as prescribed by the insurance commissioner for the preceding year. The information filed with the NAIC shall be in the same format and scope as that required by the commissioner and shall include the signed jurat page and the actuarial certification. Any amendments and addendums to the annual statement filing subsequently filed with the commissioner shall also be filed with the NAIC.

Foreign insurers that are domiciled in a state which has a law substantially similar to the requirement in the previous sentence shall be deemed in compliance with this rule.

**5.26(3) to 5.26(5)** No change.

**5.26(6)** Electronic filing. The annual financial statement filings required of domestic insurers pursuant to Iowa Code sections 508.11 and 515.63 and the quarterly statement filings required pursuant to rule 191—5.3(507,508,515) must be filed electronically with the National Association of Insurance Commissioners. Electronic filing shall include filing via the Internet or by diskette. The electronic filing must be prepared in accordance with the NAIC Directive to Companies, Coding Conventions, Field Names and Definitions, Data Elements, and Reporting Requirements for Annual/Quarterly Statement Submission on Diskettes. Electronic filings are in addition to and due at the time of the filing of the annual/quarterly financial statement blank with the National Association of Insurance Commissioners. Diskette filings do not need to be filed with the insurance division unless the insurer is directed by the insurance commissioner to submit the filing(s) on diskette. This diskette filing requirement does not apply to entities organized pursuant to Iowa Code chapters 512A, 512B, 514, 514B, 518, and 518A.

This rule is intended to implement Iowa Code sections 508.11 and 515.63.

ITEM 12. Amend rule 191—5.28(508,515,520) as follows:

**191—5.28(508,515,518,518A,520) Risk-based capital and surplus.** Capital and surplus requirements in Iowa Code chapters 508, 515, 518, 518A and 520 are minimums. The commissioner retains the

discretion to require greater amounts than set forth in those chapters when the risk-based circumstances of a particular insurer, including the type, nature and volume of business being written, require it.

ITEM 13. Amend subrule 5.32(1) as follows:

**5.32(1) Reason for promulgation.** The ~~insurance~~ division is concerned that changes in economic conditions and other market variables could adversely affect domestic insurers having a high concentration of these investments. Accordingly, the division has concluded that a limitation on the percentage of total admitted assets that a domestic insurer may prudently invest in such obligations is reasonable, necessary and required in order to carry out the division's responsibilities under relevant statutory law.

The division understands that medium grade and lower grade obligations can have a place in a well diversified portfolio. However, it is also understood that the special risks associated with these investments require a high degree of management even when they are held within an aggregate limit. While this rule will leave all domestic insurers with authority to invest a substantial portion of their assets in medium grade and lower grade obligations, the prudent management of the attendant risk will remain an essential element of such investing.

ITEM 14. Amend subparagraph **5.33(7)“b”(1)** as follows:

(1) The commissioner shall post notice on the division's ~~Web site~~ website promptly upon receipt of any application for certification, including instructions on how members of the public may respond to the application. The commissioner may not take final action on the application until at least 30 days after posting the notice required by this subparagraph.

ITEM 15. Amend subrule 5.34(2) as follows:

**5.34(2) Authority.** This rule is issued pursuant to the authority vested in the commissioner ~~of insurance~~ under Iowa Code section 508.36. This rule will take effect for annual statements for the year 2004.

ITEM 16. Amend subparagraph **5.34(7)“a”(1)** as follows:

(1) In accordance with Iowa Code section 508.36, the appointed actuary shall prepare a memorandum to the company describing the analysis done in support of the opinion regarding the reserves. The memorandum shall be made available for examination by the commissioner upon request but shall be returned to the company after such examination and shall not be considered a record of the ~~insurance~~ division or subject to automatic filing with the commissioner.

ITEM 17. Amend rule 191—5.42(432) as follows:

**191—5.42(432) Cash refund of premium tax.** A cash refund of premium tax may be made to an insurance company that has paid a premium tax payment or prepayment and demonstrates an inability to recoup the funds paid via a credit, provided that the ~~insurance~~ division determines that a refund is appropriate. A claim for refund is a formal request made by the insurance company or its successor in interest to the ~~insurance~~ division for repayment of premium tax prepayments that were paid with the insurance company's previously filed tax return. The claim for refund shall not be filed with a premium tax prepayment, annual tax payment, or with other documents or forms submitted to the division.

**5.42(1) Eligibility criteria.** Upon the written application of an insurance company or its successor in interest, the ~~insurance~~ division shall authorize the department of revenue to make a cash refund to an insurer if:

a. to d. No change.

**5.42(2) Application procedure.** An insurance company may file a claim for a cash refund with the ~~insurance~~ division by stating in detail the reasons and facts and including supporting documents with the claim for a cash refund. These documents shall include but not be limited to:

a. to c. No change.

d. A certification from the chief executive officer stating that the company has no plans for writing business in the state of Iowa and agrees to notify the ~~insurance~~ division before writing any business in this state if the claim for refund is made pursuant to 5.42(1) “b.”

**5.42(3) Appeals.** If the claim for refund is denied and the applicant wishes to appeal the denial, the insurance division will consider an appeal to be timely if filed not later than 30 days following the date of denial.

**5.42(4)** No change.

This rule is intended to implement Iowa Code section 432.1(6).

ITEM 18. Amend subrule 5.43(1) as follows:

**5.43(1)** The requirement that a domestic insurer submit its contracts with managing general agents for approval of the commissioner of insurance set forth in Iowa Code section 510.2 remains in effect after July 1, 1991.

ITEM 19. Amend subrule 5.43(5) as follows:

**5.43(5)** The amount of claims in excess of which a person is authorized to adjust or pay for purposes of the definition of “managing general agent” in Iowa Code section ~~510.2A(4) “a”(3) “a”~~ 510.1B(4) “a”(3)(a) is \$15,000 per claim.

ITEM 20. Amend subrule 5.52(1) as follows:

**5.52(1)** Every reporting financial institution shall file the reports required by rule 191—5.53(535A) with the director of the Iowa housing finance authority, ~~Des Moines, Iowa 50319,~~ and with the commissioner of insurance, ~~Des Moines, Iowa 50319,~~ on or before January 15, 1980, and each year thereafter by January 15, and shall maintain a copy of each report at the office where its principal financial records are maintained for a period of five years after it is filed.

ITEM 21. Amend subrule 5.54(1), introductory paragraph, as follows:

**5.54(1)** Reporting financial institutions shall file with the commissioner of insurance on or before March 15 of each year Disclosure Form B or a form similar thereto the following additional information with respect to loans for the purchase of residential property made during the preceding year:

ITEM 22. Amend subrule 5.54(2) as follows:

**5.54(2)** Reporting financial institutions are not required to file the additional information required by subrule 5.54(1) for any loan guaranteed in whole or part under any program of the United States or any of its agencies or instrumentalities, if:

a. to c. No change.

d. The reporting financial institution files with the commissioner of insurance on or before March 15 of each year its verified statement, signed by an officer of the reporting financial institution, that it has made loans under such a program and that it has filed the report required by ~~rule 5.54(2)~~ this subrule for each such loan not exempted by this rule.

ITEM 23. Amend rule 191—5.55(535A) as follows:

**191—5.55(535A) Written complaints.** Any person who has reason to believe that a financial institution has failed to comply with the provisions of Iowa Code chapter 535A or these rules may file a written complaint with the insurance division, ~~Des Moines, Iowa 50319,~~ or bring an action in the district court in accordance with Iowa Code chapter 535A.

ITEM 24. Amend rule 191—40.2(514B) as follows:

**191—40.2(514B) Application.** An application on forms provided by the insurance division accompanied by a filing fee of \$100 payable to State Treasurer, State of Iowa, shall be completed by an officer or authorized representative of the health maintenance organization. The application with copies in duplicate shall be verified and shall be accompanied by the information found in Iowa Code section ~~514B.3(1 to 14)~~ 514B.3(1). An application shall not be deemed to be filed until all information necessary to properly process said application has been received by the commissioner. See ~~40.11(514B)~~ 191—40.11(514B).

An amendment to the application form shall be filed in the same manner as the application and approved by the commissioner before the change proposed by the amendment is effective.

ITEM 25. Amend paragraph **40.10(1)“e”** as follows:

*e.* Failure of the enrollee to pay deductible or coinsurance charges permitted under Iowa Code section ~~514B.5(3)~~. 514B.5(1)“c.”

ITEM 26. Amend rule 191—40.19(514B) as follows:

**191—40.19(514B) Producers’ duties.** In order to qualify for solicitation, enrollment, or delivery of a certificate of membership or policy in a health maintenance organization, a producer must comply with the licensing rules set forth in 191—Chapter 10 ~~of the Iowa Administrative Code~~ and in particular ~~submit to an examination to determine the applicant’s competence to sell accident and health insurance as described in rule 191—10.7(522), classification 6~~ pass the accident and health or sickness insurance lines of authority examination.

ITEM 27. Amend **191—Chapter 40**, implementation sentence, as follows:

These rules are intended to implement Iowa Code ~~chapter~~ chapters 514B, 514C, 514F, 514J and ~~1999 Iowa Acts, Senate File 276~~ 514K.

ITEM 28. Amend rule 191—41.2(514B) as follows:

**191—41.2(514B) Application.** An application on forms provided by the insurance division accompanied by a filing fee of \$100 payable to State Treasurer, State of Iowa, shall be completed by an officer or authorized representative of the LSO. The application with copies in duplicate shall be executed in conformance with rule 191—41.10(514B) and shall be accompanied by the information found in Iowa Code ~~sections 514B.3(1) to 514B.3(14)~~ section 514B.3(1). An application shall not be deemed to be filed until all information necessary to properly process said application has been received by the commissioner, as indicated in rule 191—41.10(514B). Amendments to the application form shall be filed in the same manner as the application and approved by the commissioner before the change proposed by the amendment is effective.

ITEM 29. Amend paragraph **41.9(1)“e”** as follows:

*e.* Failure of the enrollee to pay deductible or coinsurance charges permitted under Iowa Code section ~~514B.5(3)~~. 514B.5(1)“c.”

ITEM 30. Amend rule 191—41.17(514B) as follows:

**191—41.17(514B) Producers’ duties.** In order to qualify for solicitation, enrollment, or delivery of a certificate of membership or policy in an LSO, a producer must comply with the licensing rules set forth in 191—Chapter 10 ~~of the Iowa Administrative Code~~ and in particular ~~submit to an examination to determine the applicant’s competence to sell accident and health insurance as described in rule 191—10.7(522), qualification 6~~ pass the accident and health or sickness insurance line of authority examination.

ITEM 31. Amend rule 191—44.3(508) as follows:

**191—44.3(508) Alternate tables.**

**44.3(1)** In determining minimum reserve liabilities and minimum cash surrender values and amounts of paid-up nonforfeiture benefits for any policy of insurance delivered or issued for delivery in this state after the operative date of Iowa Code section ~~508.37(6)“k”~~ 508.37(7)“k” for that policy form and before January 1, 1989, at the option of the company and subject to the conditions stated in rule ~~44.4(508)~~ 191—44.4(508):

*a.* and *b.* No change.

For any category of insurance issued on female lives with minimum reserve liabilities and minimum cash surrender values and amounts of paid-up nonforfeiture benefits determined using the 1958 CSO or 1958 CET Smoker and Nonsmoker Mortality Tables, such minimum values may be calculated according to an age not more than six years younger than the actual age of the insured. Further, the substitution of the 1958 CSO or 1958 CET Smoker and Nonsmoker Mortality Tables is available only if made for each

policy of insurance on a policy form delivered or issued for delivery on or after the operative date for that policy form and before a date not later than January 1, 1989.

**44.3(2)** In determining minimum reserve liabilities and minimum cash surrender values and amounts of paid-up nonforfeiture benefits for any policy of insurance delivered or issued for delivery in this state after the operative date of Iowa Code section ~~508.37(6) “k”~~ 508.37(7) “k” for that policy form, at the option of the company and subject to the conditions stated in rule ~~44.4(508)~~ 191—44.4(508):

a. and b. No change.

ITEM 32. Amend rule 191—45.2(521A) as follows:

**191—45.2(521A) Definitions.** ~~As used in these rules~~ In addition to the definitions in Iowa Code section 521A.1 and 191—1.1(502,505), the following rules apply to this chapter, unless otherwise required by the context:

**45.2(1)** “*Executive officer*” means any individual charged with active management and control in an executive capacity (including a president, vice-president, treasurer, secretary, controller, and any other individual performing functions corresponding to those performed by the foregoing officers) of a person, whether incorporated or unincorporated.

**45.2(2)** “*Foreign insurer*” shall include an alien insurer except where clearly noted otherwise.

**45.2(3)** “*Ultimate controlling person*” means that person who is not controlled by any other person.

~~**45.2(4)** Other terms found in these rules and in Iowa Code section 521A.1 entitled “Definitions” shall retain the meaning as found in such section.~~

ITEM 33. Amend **191—Chapter 45, Form A, Item 12, paragraph (c)**, as follows:

(c) File as exhibits copies of all tender offers for, requests or invitations for, tenders of, exchange offers for, and agreements to acquire or exchange any voting securities of the insurer and (if distributed) of additional soliciting material relating thereto; any proposed employment, consultation, advisory or management contracts concerning the insurer; annual reports to the stockholders of the insurer and the applicant for the last two fiscal years; and any additional documents or papers required by Form A ~~or regulations sections 0.04 and 0.06.~~

ITEM 34. Amend **191—Chapter 45, Form A, Item 14, Signature**, as follows:

SIGNATURE

Pursuant to the requirements of Iowa Code section 521A.3 ~~and Regulation 3.01,~~

\_\_\_\_\_, has caused this application to be duly signed on its  
(Name of Applicant)  
behalf in the City of \_\_\_\_\_ and State of \_\_\_\_\_, on the \_\_\_\_\_ day  
of \_\_\_\_\_, 20 \_\_\_\_\_.

(SEAL)

\_\_\_\_\_  
(Name of Applicant)

By \_\_\_\_\_

(Name)

(Title)

Attest:

\_\_\_\_\_  
(Signature of Officer)

\_\_\_\_\_  
(Title)

ITEM 35. Amend rule 191—46.1(521A) as follows:

**191—46.1(521A) Purpose.** This chapter is intended to implement the provisions of Iowa Code Supplement section 521A.14 ~~as amended by 1996 Iowa Acts, House File 2363,~~ to provide for:

**46.1(1)** The formation of a mutual insurance holding company through an application process subject to regulation by the division of insurance. A domestic mutual insurance company may

reorganize by forming a mutual insurance holding company based upon a mutual plan. The reorganized insurance company shall continue, without interruption, its corporate existence as a stock insurance company subsidiary to the mutual insurance holding company or as a stock insurance company subsidiary to an intermediate holding company which is subsidiary to the mutual insurance holding company.

**46.1(2)** The reorganization of a domestic mutual insurance company by merging its policyholders' membership interests into a mutual insurance holding company and continuing, without interruption, the corporate existence of the reorganized insurance company as a stock insurance company subsidiary to the mutual insurance holding company or as a stock insurance company subsidiary to an intermediate holding company which is a subsidiary to the mutual insurance holding company through an application process subject to regulation by the division of insurance.

**46.1(3)** An application process for the approval of an initial sale of the shares of the capital stock of a reorganized domestic insurance company or an intermediate holding company, subject to the approval of the division of insurance.

ITEM 36. Amend rule 191—46.2(521A) as follows:

**191—46.2(521A) Definitions.** ~~As used in~~ In addition to the definitions in 191—1.1(502,505), the following definitions apply to this chapter:

*"Affiliated person"* of another person means:

1. Any person directly or indirectly owning, controlling, or holding with power to vote, 5 percent or more of the outstanding voting securities of such other person,
2. Any person 5 percent or more of whose outstanding voting securities are directly or indirectly owned, controlled, or held with power to vote, by such other person,
3. Any person directly or indirectly controlling, controlled by, or under common control with, such other person, or
4. Any officer, director, partner, copartner, or employee of such other person.

~~*"Commissioner"* means the Iowa commissioner of insurance.~~

~~*"Division"* means the Iowa insurance division.~~

*"Domestic mutual insurance company"* means an insurance company organized on a mutual plan and incorporated under the laws of Iowa.

*"Interested person"* of another person means:

1. Any affiliated person of such company,
2. Any member of the immediate family of any natural person who is an affiliated person of such company,
3. Any person or partner or employee of any person who at any time since the beginning of the last two completed fiscal years of such company has acted as legal counsel for such company, or
4. Any natural person whom the commissioner by order shall have determined to be an interested person by reason of having had, at any time since the beginning of the last two completed fiscal years of such company, a material business or professional relationship with such company or with the principal executive officer of such company.

*"Intermediate holding company"* means a holding company which is a subsidiary of a mutual insurance holding company or part of a holding company system controlled by a mutual insurance holding company pursuant to the provisions of Iowa Code chapter 521A.

*"Limited application"* means an application by a domestic mutual insurance company for reorganization to a mutual insurance holding company which will hold, at all times, 100 percent of the stock of its insurance subsidiaries.

*"Member of the immediate family"* means any parent, spouse of a parent, child, spouse of a child, spouse, brother or sister, and includes step and adoptive relationships.

*"Mutual insurance holding company"* means a holding company organized on a mutual plan and incorporated under the laws of Iowa, resulting from the reorganization of a domestic mutual insurance company pursuant to the provisions of Iowa Code section 521A.14, with one or more stock insurance holding company subsidiaries or stock insurance company subsidiaries. A mutual insurance holding



company shall be a person as defined in Iowa Code section 521A.1(7) 521A.1 and shall be subject to the provisions of Iowa Code chapter 521A.

*“Plan of reorganization”* means a plan to reorganize a domestic mutual insurance company by forming a mutual insurance holding company.

~~“Section 521A.14” means section 44 of House File 247 as enacted by the 1995 session of the 76th General Assembly.~~

*“Standard application”* means an application by a domestic mutual insurance company for reorganization to a mutual insurance holding company which may sell interests in its subsidiaries to third parties.

*“Stock”* means any security evidencing an equity interest in the issuing entity.

*“Stock offering”* means any proposed sale, exchange, transfer or other change of ownership of stock or of securities convertible into or exchangeable or exercisable for stock. For the purposes of these rules, “stock offering” shall not mean (1) an offering of preferred stock which is not convertible or exchangeable into common stock and which has no ordinary voting rights or (2) a transfer of stock between any of the following:

- A mutual insurance holding company,
- An insurance company subsidiary of a mutual insurance holding company,
- An intermediate holding company subsidiary of a mutual insurance holding company, and
- An insurance company subsidiary of an intermediate holding company subsidiary to a mutual insurance holding company.

ITEM 37. Amend rule 191—46.3(521A) as follows:

**191—46.3(521A) Application—contents—process.**

**46.3(1)** No change.

**46.3(2)** The application shall be filed in triplicate with the commissioner and shall include the following information:

- a. No change.
- b. A plan of reorganization as set forth in 46.4(521A) 191—46.4(521A).
- c. to j. No change.

**46.3(3)** No change.

ITEM 38. Amend paragraph **46.4(2)“i”** as follows:

i. Describing the applicant’s plan for a stock offering in accordance with the provisions of rule 46.109(521A) 191—46.10(521A) below.

ITEM 39. Amend rule 191—46.7(521A) as follows:

**191—46.7(521A) Reorganization of domestic mutual insurer with mutual insurance holding company.** A domestic mutual insurance company may apply to reorganize by merging its policyholders’ membership interests into a mutual insurance holding company by filing with the commissioner a joint application with the mutual insurance holding company complying with the provisions of 46.3(521A) 191—46.3(521A).

ITEM 40. Amend rule 191—46.8(521A) as follows:

**191—46.8(521A) Reorganization of foreign mutual insurer with mutual insurance holding company.** A foreign mutual insurance company, or a foreign health service corporation, which if a domestic corporation would be organized under Iowa Code chapter 514, may apply to reorganize by merging its policyholders’ membership interests into a mutual insurance holding company by filing with the commissioner a joint application with the mutual insurance holding company complying with the provisions of 46.3(521A) 191—46.3(521A).

ITEM 41. Amend **191—Chapter 46**, implementation sentence, as follows:

These rules are intended to implement Iowa Code Supplement section 521A.14 as amended by 1996 Iowa Acts, chapter 1014.

ITEM 42. Amend subparagraph **48.3(2)“a”(1)** as follows:

(1) Has provided proof of one of the following:

~~1. The applicant is a licensed insurance producer with a life line of authority for at least the 12 months preceding the date of application; or~~

~~2. 1.~~ The applicant has taken and passed an examination on viatical and life settlement contracts required by another state insurance department and currently holds a license as a viatical settlement broker from that state; or

~~3. 2.~~ The applicant has passed the viatical settlement examination required by the commissioner. Examination results are valid for 90 days after the date of the examination. If the applicant fails to apply for licensure within 90 days after passing the examination, the examination results shall be void;

ITEM 43. Amend paragraph **48.3(4)“a”** as follows:

a. A viatical settlement provider or viatical settlement broker who meets the requirements of this rule, unless otherwise denied licensure pursuant to ~~rule 48.10(508E)~~ rule 191—48.10(508E), shall be issued a license.

ITEM 44. Amend paragraph **48.3(6)“d”** as follows:

d. If a viatical settlement provider or viatical settlement broker fails to comply with the renewal procedures within the time prescribed, or a viatical settlement provider fails either to meet the requirements of Iowa Code section 508E.3 and subrule 48.3(1) or to submit the reports required in ~~rule 48.7(508E)~~ 191—48.7(508E), such nonpayment or failure shall result in lapse of the license.

ITEM 45. Amend subrule 48.10(1) as follows:

**48.10(1)** Unfair trade practices. Pursuant to Iowa Code section 508E.17, a violation of ~~rule 48.4(508E)~~ 191—48.4(508E), ~~48.5(508E)~~ 191—48.5(508E), ~~48.6(508E)~~ 191—48.6(508E), ~~48.7(508E)~~ 191—48.7(508E) or ~~48.9(508E)~~ 191—48.9(508E) shall be considered an unfair trade practice under Iowa Code chapter 507B, and a violator shall be subject to the penalties contained in that chapter.

ITEM 46. Amend rule 191—99.1(505,508) as follows:

**191—99.1(505,508) Authority.** This chapter is promulgated by the commissioner of insurance pursuant to Iowa Code ~~section~~ sections 505.8 and ~~2010 Iowa Acts, Senate File 2201, section 9~~ 508.33A.

ITEM 47. Amend rule **191—99.3(505,508)**, definitions of “Letters of credit,” “LPS” and “Organizing life insurance company,” as follows:

“*Letters of credit*” means clean, unconditional, irrevocable letters of credit issued or confirmed by a qualified United States financial institution as defined in Iowa Code section ~~521B.4, subsection 2.~~ 521B.103(2)“c.”

“*LPS*” means a limited purpose subsidiary life insurance company organized pursuant to ~~2010 Iowa Acts, Senate File 2201, section 9,~~ Iowa Code section 508.33A that is wholly owned by the organizing life insurance company and that is issued a certificate of authority by the commissioner pursuant to this chapter.

“*Organizing life insurance company*” means the domestic life insurance company that organizes the LPS pursuant to ~~2010 Iowa Acts, Senate File 2201, section 9~~ Iowa Code section 508.33A.

ITEM 48. Amend **191—Chapter 99**, implementation sentence, as follows:

These rules are intended to implement Iowa Code ~~section~~ sections 505.8 and ~~2010 Iowa Acts, Senate File 2201, section 9~~ 508.33A.

ITEM 49. Amend rule **191—100.2(523A)**, definition of “Commissioner’s Web site,” as follows:

“*Commissioner’s Web site* website” means the ~~Web site~~ website of the Iowa insurance division, www.iid.iowa.gov.

ITEM 50. Amend rule 191—100.3(523A) as follows:

**191—100.3(523A) Contact and correspondence.**

**100.3(1) Contact information.** All mailed complaints, inquiries and correspondence shall be sent to Securities and Regulated Industries Bureau, Iowa Insurance Division, 1963 Bell Avenue, Suite 100, Des Moines, Iowa 50315. Telephone inquiries may be made at (877)955-1212. Electronic submissions and correspondence may be made through the commissioner's ~~Web site~~ website.

**100.3(2)** No change.

**100.3(3) Forms and instructions.** Copies of all required forms and instructions are available on the commissioner's ~~Web site~~ website.

ITEM 51. Amend rule 191—100.11(523A), introductory paragraph, as follows:

**191—100.11(523A) Application for license.** To obtain a preneed seller license as required by Iowa Code section 523A.501 or a sales agent license as required by Iowa Code section 523A.502, a person must submit an application to the commissioner pursuant to this rule. A person shall not accept any payment or funding, including the assignment of ownership of or proceeds from insurance, related to the purchase of merchandise or services in Iowa, if the sale of the merchandise or services is subject to Iowa Code chapter 523A, unless the person holds an active license. Application forms and instructions may be obtained from the commissioner's ~~Web site~~ website.

ITEM 52. Amend subparagraph **100.14(4)“d”(1)** as follows:

(1) The following are examples of acceptable course topics:

1. to 5. No change.

6. Medicaid and the Iowa estate recovery law, Iowa Code section ~~249A.5(2) and 441—subrule 76.12(7)~~ 249.53.

7. and 8. No change.

ITEM 53. Amend subrule 100.15(1) as follows:

**100.15(1) Procedure for renewal.** The commissioner shall renew preneed sellers' licenses, pursuant to Iowa Code section 523A.501(7), or sales agents' licenses, pursuant to Iowa Code section 523A.502(5), for both active and restricted status licenses, if the preneed sellers or sales agents provide to the commissioner all of the following, which must be received by the commissioner on or before April 15 of each year:

a. *Annual report.* A preneed seller or sales agent shall file a complete and accurate annual report in the form and manner directed by the commissioner. A preneed seller's report must include information on affiliated sales agents as provided in the instructions. The form and instructions may be obtained through the commissioner's ~~Web site~~ website.

b. *Verification of completion of continuing education.* A sales agent shall have completed the continuing education required by rule 191—100.14(523A) and shall attest to completion of the continuing education and compliance with all instructions on the commissioner's ~~Web site~~ website.

c. *Renewal fee.* A preneed seller or sales agent shall submit a renewal fee as set out in rule 191—100.18(523A). Failure to include the proper amount shall be cause for the renewal to be rejected.

ITEM 54. Amend subrule 100.17(2) as follows:

**100.17(2) Application for reinstatement.** Any preneed seller or sales agent whose license is restricted may request reinstatement by filing an application for reinstatement with the commissioner. Instructions can be found on the commissioner's ~~Web site~~ website. If the licensed person meets all conditions of licensure, the commissioner shall reinstate the license.

ITEM 55. Rescind and reserve paragraph **100.19(1)“b.”**

ITEM 56. Amend rule 191—100.20(523A), introductory paragraph, as follows:

**191—100.20(523A) Trust interest or income.** A preneed seller may withdraw interest or income, as defined by Iowa Code section ~~523A.102(16)~~ 523A.102, from trusts holding funds which are established pursuant to Iowa Code section 523A.201(8) and which are related to purchase agreements executed on or after July 1, 1987, in accordance with this rule.

ITEM 57. Amend subrule 100.23(1) as follows:

**100.23(1)** In lieu of the trust requirements of Iowa Code section 523A.405 as amended by 2015 Iowa Acts, House File 632, section 36, a preneed seller may file with the commissioner a surety bond. The surety bond shall be in the form as directed by the commissioner and as available on the commissioner's ~~Web site~~ website.

ITEM 58. Amend subparagraph **100.33(1)“c”(4)** as follows:

(4) Preneed sellers shall use the following numbering system, unless they receive written permission from the commissioner to use a different system.

1. to 4. No change.

An example of the numbering system is provided on the commissioner's ~~Web site~~ website.

ITEM 59. Amend subrule 100.33(2) as follows:

**100.33(2)** *By sales agents.* A sales agent shall maintain a sales log for a minimum of five years after the sale. The sales log shall include all of the information required for the sales agent's annual report. Instructions and an example are available on the commissioner's ~~Web site~~ website.

ITEM 60. Amend subparagraph **100.34(1)“c”(4)** as follows:

(4) If the funding change is from a trust account to an insurance account:

1. Confirm that the policy shall have an increasing benefit, as specified in Iowa Code section ~~523A.401(6)~~ 523A.401(5).

2. Record the amendment on the preneed seller's annual report as both a withdrawal from trust and an addition of insurance. Instructions are available on the commissioner's ~~Web site~~ website.

3. Comply with record-keeping and reporting requirements for the sale of new insurance in Iowa Code sections 523A.401 and 523A.402.

ITEM 61. Amend subparagraph **100.34(1)“c”(5)** as follows:

(5) If the change in funding is from one insurance company to another:

1. and 2. No change.

3. Record the amendment on the preneed seller's annual report as a change in funding from one insurance company to another. Instructions are available on the commissioner's ~~Web site~~ website.

ITEM 62. Amend paragraph **100.41(3)“a,”** introductory paragraph, as follows:

a. Unless the lack of a mutual agreement has been appropriately documented in the preneed seller's preneed purchaser file records, a preneed seller has agreed “to furnish cemetery merchandise, funeral merchandise, funeral services, or a combination thereof” and received an “initial payment,” for purposes of establishing a “purchase agreement,” as defined by Iowa Code section ~~523A.102(23)~~ 523A.102, if:

ITEM 63. Rescind and reserve paragraph **100.41(4)“a.”**

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